

SSB 6078 - H AMD TO H APP COMM AMD (H2969.1)

By Representative Alexander

1 Strike everything after page 1, line 2 of the amendment and
2 insert the following:

3 "Sec. 1. RCW 43.135.025 and 2000 2nd sp.s. c 2 s 1 are each
4 amended to read as follows:

5 (1) The state shall not expend from the general fund during any
6 fiscal year state moneys in excess of the state expenditure limit
7 established under this chapter.

8 (2) Except pursuant to a declaration of emergency under RCW
9 43.135.035 or pursuant to an appropriation under RCW
10 43.135.045(4)(b), the state treasurer shall not issue or redeem any
11 check, warrant, or voucher that will result in a state general fund
12 expenditure for any fiscal year in excess of the state expenditure
13 limit established under this chapter. A violation of this
14 subsection constitutes a violation of RCW 43.88.290 and shall
15 subject the state treasurer to the penalties provided in RCW
16 43.88.300.

17 (3) The state expenditure limit for any fiscal year shall be
18 the previous fiscal year's state expenditure limit increased by a
19 percentage rate that equals the fiscal growth factor.

20 (4) For purposes of computing the state expenditure limit for
21 the fiscal year beginning July 1, ~~((1995))~~ 2005, the phrase "the
22 previous fiscal year's state expenditure limit" means the total
23 state expenditures from the state general fund ~~((, not including
24 federal funds,))~~ for the fiscal year beginning July 1, ~~((1989))~~
25 2004, plus the fiscal growth factor. ~~((This calculation is then
26 computed for the state expenditure limit for fiscal years 1992,
27 1993, 1994, and 1995, and as required under RCW 43.135.035(4).))~~

28 (5) A state expenditure limit committee is established for the
29 purpose of determining and adjusting the state expenditure limit as
30 provided in this chapter. The six members of the state expenditure
31 limit committee are the director of financial management, the

1 attorney general or the attorney general's designee, and the chairs
2 and ranking minority members of the senate committee on ways and
3 means and the house of representatives committee on appropriations.
4 All actions of the state expenditure limit committee taken pursuant
5 to this chapter require an affirmative vote of at least ~~((three))~~
6 four members.

7 (6) Each November, the state expenditure limit committee shall
8 adjust the expenditure limit for the preceding fiscal year based on
9 actual expenditures and known changes in the fiscal growth factor
10 and then project an expenditure limit for the next two fiscal
11 years. If, by November 30th, the state expenditure limit committee
12 has not adopted the expenditure limit adjustment and projected
13 expenditure limit as provided in subsection (5) of this section,
14 the attorney general or his or her designee shall adjust or project
15 the expenditure limit, as necessary.

16 (7) "Fiscal growth factor" means the average of the sum of
17 inflation and population change for each of the ~~((prior))~~ three
18 fiscal years prior to the year for which the state expenditure
19 limit is being adopted.

20 (8) "Inflation" means the percentage change in the implicit
21 price deflator for the United States for each fiscal year as
22 published by the federal bureau of labor statistics.

23 (9) "Population change" means the percentage change in state
24 population for each fiscal year as reported by the office of
25 financial management.

26 **Sec. 2.** RCW 43.135.035 and 2001 c 3 s 8 and 2000 2nd sp.s. c
27 2 s 2 are each reenacted and amended to read as follows:

28 (1) After July 1, 1995, any action or combination of actions by
29 the legislature that raises state revenue or requires revenue-
30 neutral tax shifts may be taken only if approved by a two-thirds
31 vote of each house, and then only if state expenditures in any
32 fiscal year, including the new revenue, will not exceed the state
33 expenditure limits established under this chapter.

34 (2)(a) If the legislative action under subsection (1) of this
35 section will result in expenditures in excess of the state
36 expenditure limit, then the action of the legislature shall not
37 take effect until approved by a vote of the people at a November
38 general election. The ~~((office of financial management))~~ state

1 expenditure limit committee shall adjust the state expenditure
2 limit by the amount of additional revenue approved by the voters
3 under this section. This adjustment shall not exceed the amount of
4 revenue generated by the legislative action during the first full
5 fiscal year in which it is in effect. The state expenditure limit
6 shall be adjusted downward upon expiration or repeal of the
7 legislative action.

8 (b) The ballot title for any vote of the people required under
9 this section shall be substantially as follows:

10 "Shall taxes be imposed on in order to allow a
11 spending increase above last year's authorized spending adjusted
12 for inflation and population increases?"

13 (3)(a) The state expenditure limit may be exceeded upon
14 declaration of an emergency for a period not to exceed twenty-four
15 months by a law approved by a two-thirds vote of each house of the
16 legislature and signed by the governor. The law shall set forth
17 the nature of the emergency, which is limited to natural disasters
18 that require immediate government action to alleviate human
19 suffering and provide humanitarian assistance. The state
20 expenditure limit may be exceeded for no more than twenty-four
21 months following the declaration of the emergency and only for the
22 purposes contained in the emergency declaration.

23 (b) Additional taxes required for an emergency under this
24 section may be imposed only until thirty days following the next
25 general election, unless an extension is approved at that general
26 election. The additional taxes shall expire upon expiration of the
27 declaration of emergency. The legislature shall not impose
28 additional taxes for emergency purposes under this subsection
29 unless funds in the education construction fund have been
30 exhausted.

31 (c) The state or any political subdivision of the state shall
32 not impose any tax on intangible property listed in RCW 84.36.070
33 as that statute exists on January 1, 1993.

34 (4) If the cost of any state program or function is shifted
35 from the state general fund (~~(on or after January 1, 1993,)~~) to
36 another source of funding, or if moneys are transferred from the
37 state general fund to another fund or account, the state
38 expenditure limit committee, acting pursuant to RCW 43.135.025(5),

1 shall lower the state expenditure limit to reflect the shift. For
2 the purposes of this section, a transfer of money from the state
3 general fund to another fund or account includes any state
4 legislative action taken after July 1, 2000, that has the effect of
5 reducing revenues from a particular source, where such revenues
6 would otherwise be deposited into the state general fund, while
7 increasing the revenues from that particular source to another
8 state or local government account. For purposes of this section,
9 a shift of program costs means the shift of any portion of the
10 program cost, including the shift of any expenditure growth in the
11 program. This subsection does not apply to the dedication or use
12 of lottery revenues under RCW 67.70.240(3) or property taxes under
13 RCW 84.52.068, in support of education or education expenditures.

14 (5) If the cost of any state program or function is shifted to
15 the state general fund on or after January 1, ~~((2000))~~ 2005, from
16 another source of funding, ~~((or if moneys are transferred to the~~
17 ~~state general fund from another fund or account,))~~ the state
18 expenditure limit committee, acting pursuant to RCW 43.135.025(5),
19 shall increase the state expenditure limit to reflect the shift.
20 However, the limit may be increased for such a program cost shift
21 only if:

22 (a) The legislature requires the deposit in the general fund of
23 an ongoing revenue source that would otherwise be deposited in the
24 fund or account that previously supported the program, in an amount
25 equal to the cost of the program shifted; and

26 (b) The redirection of the ongoing revenue source takes effect
27 on the same date that the cost of the program is shifted.

28 **Sec. 3.** RCW 43.135.045 and 2003 1st sp.s. c 26 s 919 and 2003
29 1st sp.s. c 25 s 920 are each reenacted and amended to read as
30 follows:

31 (1) The emergency reserve fund is established in the state
32 treasury. During each fiscal year, the state treasurer shall
33 deposit in the emergency reserve fund all general fund--state
34 revenues in excess of the state expenditure limit for that fiscal
35 year. Deposits shall be made at the end of each fiscal quarter
36 based on projections of state revenues and the state expenditure
37 limit. The treasurer shall make transfers between these accounts

1 as necessary to reconcile actual annual revenues and the
2 expenditure limit for fiscal year 2000 and thereafter.

3 (2) The legislature may appropriate moneys from the emergency
4 reserve fund only with approval of at least two-thirds of the
5 members of each house of the legislature, and then only if the
6 appropriation does not cause total expenditures to exceed the state
7 expenditure limit under this chapter.

8 (3) The emergency reserve fund balance shall not exceed five
9 percent of annual general fund--state revenues as projected by the
10 official state revenue forecast. Any balance in excess of five
11 percent shall be transferred on a quarterly basis by the state
12 treasurer as follows: Seventy-five percent to the student
13 achievement fund hereby created in the state treasury and twenty-
14 five percent to the general fund balance. The treasurer shall make
15 transfers between these accounts as necessary to reconcile actual
16 annual revenues for fiscal year 2000 and thereafter. When per-
17 student state funding for the maintenance and operation of K-12
18 education meets a level of no less than ninety percent of the
19 national average of total funding from all sources per student as
20 determined by the most recent published data from the national
21 center for education statistics of the United States department of
22 education, as calculated by the office of financial management,
23 further deposits to the student achievement fund shall be required
24 only to the extent necessary to maintain the ninety-percent level.
25 Remaining funds are part of the general fund balance and these
26 funds are subject to the expenditure limits of this chapter.

27 (4) The education construction fund is hereby created in the
28 state treasury.

29 (a) Funds may be appropriated from the education construction
30 fund exclusively for common school construction or higher education
31 construction. During the fiscal years beginning July 1, 2003, and
32 ending June 30, 2005, funds may also be used for higher education
33 facilities preservation and maintenance.

34 (b) Funds may be appropriated for any other purpose only if
35 approved by a two-thirds vote of each house of the legislature and
36 if approved by a vote of the people at the next general election.
37 An appropriation approved by the people under this subsection shall
38 result in an adjustment to the state expenditure limit only for the

1 fiscal period for which the appropriation is made and shall not
2 affect any subsequent fiscal period.

3 (5) Funds from the student achievement fund shall be
4 appropriated to the superintendent of public instruction strictly
5 for distribution to school districts to meet the provisions set out
6 in the student achievement act. Allocations shall be made on an
7 equal per full-time equivalent student basis to each school
8 district.

9 ~~((6) Earnings of the emergency reserve fund under RCW
10 43.84.092(4)(a) shall be transferred quarterly to the multimodal
11 transportation account, except for those earnings that are in
12 excess of thirty-five million dollars each fiscal year. Within
13 thirty days following any fiscal year in which earnings transferred
14 to the multimodal transportation account under this subsection did
15 not total thirty-five million dollars, the state treasurer shall
16 transfer from the emergency reserve fund an amount necessary to
17 bring the total deposited in the multimodal transportation account
18 under this subsection to thirty-five million dollars. The revenues
19 to the multimodal transportation account reflected in this
20 subsection provide ongoing support for the transportation programs
21 of the state. However, it is the intent of the legislature that
22 any new long-term financial support that may be subsequently
23 provided for transportation programs will be used to replace and
24 supplant the revenues reflected in this subsection, thereby
25 allowing those revenues to be returned to the purposes to which
26 they were previously dedicated. No transfers from the emergency
27 reserve fund to the multimodal fund shall be made during the 2003-
28 05 fiscal biennium.))~~

29 **Sec. 4.** RCW 43.135.045 and 2003 1st sp.s. c 25 s 920 are each
30 amended to read as follows:

31 (1) The emergency reserve fund is established in the state
32 treasury. During each fiscal year, the state treasurer shall
33 deposit in the emergency reserve fund all general fund--state
34 revenues in excess of the state expenditure limit for that fiscal
35 year. Deposits shall be made at the end of each fiscal quarter
36 based on projections of state revenues and the state expenditure
37 limit. The treasurer shall make transfers between these accounts

1 as necessary to reconcile actual annual revenues and the
2 expenditure limit for fiscal year 2000 and thereafter.

3 (2) The legislature may appropriate moneys from the emergency
4 reserve fund only with approval of at least two-thirds of the
5 members of each house of the legislature, and then only if the
6 appropriation does not cause total expenditures to exceed the state
7 expenditure limit under this chapter.

8 (3) The emergency reserve fund balance shall not exceed five
9 percent of annual general fund--state revenues as projected by the
10 official state revenue forecast. Any balance in excess of five
11 percent shall be transferred on a quarterly basis by the state
12 treasurer as follows: Seventy-five percent to the student
13 achievement fund hereby created in the state treasury and twenty-
14 five percent to the general fund balance. The treasurer shall make
15 transfers between these accounts as necessary to reconcile actual
16 annual revenues for fiscal year 2000 and thereafter. When per-
17 student state funding for the maintenance and operation of K-12
18 education meets a level of no less than ninety percent of the
19 national average of total funding from all sources per student as
20 determined by the most recent published data from the national
21 center for education statistics of the United States department of
22 education, as calculated by the office of financial management,
23 further deposits to the student achievement fund shall be required
24 only to the extent necessary to maintain the ninety-percent level.
25 Remaining funds are part of the general fund balance and these
26 funds are subject to the expenditure limits of this chapter.

27 (4) The education construction fund is hereby created in the
28 state treasury.

29 (a) Funds may be appropriated from the education construction
30 fund exclusively for common school construction or higher education
31 construction.

32 (b) Funds may be appropriated for any other purpose only if
33 approved by a two-thirds vote of each house of the legislature and
34 if approved by a vote of the people at the next general election.
35 An appropriation approved by the people under this subsection shall
36 result in an adjustment to the state expenditure limit only for the
37 fiscal period for which the appropriation is made and shall not
38 affect any subsequent fiscal period.

1 (5) Funds from the student achievement fund shall be
2 appropriated to the superintendent of public instruction strictly
3 for distribution to school districts to meet the provisions set out
4 in the student achievement act. Allocations shall be made on an
5 equal per full-time equivalent student basis to each school
6 district.

7 ~~((6) Earnings of the emergency reserve fund under RCW
8 43.84.092(4)(a) shall be transferred quarterly to the multimodal
9 transportation account, except for those earnings that are in
10 excess of thirty-five million dollars each fiscal year. Within
11 thirty days following any fiscal year in which earnings transferred
12 to the multimodal transportation account under this subsection did
13 not total thirty-five million dollars, the state treasurer shall
14 transfer from the emergency reserve fund an amount necessary to
15 bring the total deposited in the multimodal transportation account
16 under this subsection to thirty-five million dollars. The revenues
17 to the multimodal transportation account reflected in this
18 subsection provide ongoing support for the transportation programs
19 of the state. However, it is the intent of the legislature that
20 any new long-term financial support that may be subsequently
21 provided for transportation programs will be used to replace and
22 supplant the revenues reflected in this subsection, thereby
23 allowing those revenues to be returned to the purposes to which
24 they were previously dedicated. No transfers from the emergency
25 reserve fund to the multimodal fund shall be made during the 2003-
26 05 fiscal biennium.))~~

27 NEW SECTION. **Sec. 5.** Section 3 of this act expires June 30,
28 2005.

29 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of
31 the state government and its existing public institutions, and
32 takes effect immediately, except for section 4 of this act which
33 takes effect June 30, 2005."

34 Correct the title.

EFFECT:

- ∅ Removes the underlying amendments provisions regarding the supermajority vote and the underlying bill's provisions regarding the supermajority vote and calculation of the expenditure limit.
- ∅ Revises calculation of the limit as follows: The "base year" for calculating the expenditure limit is set as fiscal year 2005; the fiscal growth factor calculation is based on the rolling average of IPD inflation and population growth for the three years prior to the year for which the limit is adopted, e.g., 02, 03, and 04 for the FY 05 limit.
- ∅ Revises the "two-way street" limit adjustment calculation by permitting upward adjustment to the limit only where the cost of a program is shifted to the general fund; the legislature requires the deposit in the general fund of an ongoing revenue source that would otherwise be deposited in the account that previously supported the program, in an amount equal to the cost of the program; and the redirection of the revenue source takes place on the same date as the program shift. Shifts of moneys alone do not result in upward adjustment of the limit.
- ∅ For purposes of adjusting the limit, defines program shift as the shift of any portion of a program's cost, including program growth.
- ∅ Eliminates the transfer from the Emergency Reserve Fund to the Multimodal Transportation Account.
- ∅ Retains the underlying bill's changes to the Expenditure Limit Committee membership by adding the ranking minority members of House Appropriations and Senate Ways & Means to the Committee.